

Senate File 2289 - Reprinted

SENATE FILE 2289
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 3137)

(As Amended and Passed by the Senate February 23, 2010)

A BILL FOR

1 An Act relating to deaccreditation of a school district by the
2 state board of education and to the disposition of certain
3 former school district funds, and including effective date,
4 validation, and retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 256.11, subsection 11, paragraphs c and
2 d, Code Supplement 2009, are amended to read as follows:

3 c. If the deficiencies have not been corrected, and the
4 conditional accreditation alternatives contained in the report
5 are not mutually acceptable to the state board and the local
6 board, the state board shall deaccredit the school district
7 and merge the territory of the school district with one or more
8 contiguous school districts at the end of the school year. The
9 state board may place a district under receivership for the
10 remainder of the school year. The receivership shall be under
11 the direct supervision and authority of the area education
12 agency in which the district is located. The decision of
13 whether to merge deaccredit the school district ~~and require~~
14 ~~payment of tuition for the district's students~~ or to place the
15 district under receivership shall be based upon a determination
16 by the state board of the best interests of the students,
17 parents, residents of the community, teachers, administrators,
18 and school district board members and upon the recommendations
19 of the accreditation committee and the director.

20 d. In the case of a nonpublic school, if the deficiencies
21 have not been corrected, the state board may ~~declare~~
22 a deaccredit the nonpublic school to be nonaccredited.
23 ~~The removal of accreditation~~ deaccreditation shall take
24 effect on the date established by the resolution of the
25 state board, which shall be no later than the end of the
26 school year in which the nonpublic school is ~~declared to be~~
27 ~~nonaccredited~~ deaccredited.

28 Sec. 2. Section 256.11, subsection 12, Code Supplement
29 2009, is amended to read as follows:

30 12. If the state board ~~removes accreditation from~~
31 deaccredits a school district and merges the territory
32 of the school district with one or more contiguous school
33 districts, the deaccredited school district ~~whose accreditation~~
34 ~~is removed~~ ceases to exist as a school corporation on
35 the effective date set by the state board for ~~removal of~~

1 ~~accreditation~~ deaccreditation. Notwithstanding any other
 2 provision of law, the contiguous school districts receiving
 3 territory of the ~~former~~ deaccredited school district ~~whose~~
 4 ~~accreditation was removed~~ are not considered successor school
 5 corporations of the ~~former~~ deaccredited school district.

6 a. Division of assets and liabilities of the
 7 deaccredited school district ~~whose accreditation was~~
 8 ~~removed~~ shall be as provided in this paragraph "a" and
 9 in sections 275.29 through 275.31.

10 (1) If one or more of the contiguous school districts
 11 receiving assets and liabilities of the deaccredited school
 12 district ~~whose accreditation was removed~~ utilizes the
 13 equalization levy, only that territory in the school district
 14 imposing the equalization levy that comprises territory of the
 15 ~~former~~ deaccredited school district shall be taxed.

16 (2) Income surtax revenue and revenues generated by
 17 property taxes shall be distributed proportionately based on
 18 taxable value of the territory received by one or more school
 19 districts contiguous to the ~~former~~ deaccredited school district
 20 ~~whose accreditation was removed~~.

21 (3) Revenues that are based on student enrollment shall
 22 be distributed based on percentages of students ~~of the who~~
 23 were enrolled in the deaccredited school district ~~whose~~
 24 ~~accreditation was removed~~ in the school year immediately
 25 prior to deaccreditation and who now reside in territory
 26 received by one or more school districts contiguous to the
 27 deaccredited school district ~~whose accreditation was removed~~.

28 (4) If the deaccredited school district has a negative fund
 29 balance in its general fund at the time it is deaccredited
 30 by the state board, the director may order that the positive
 31 balance from one or more other funds of the deaccredited school
 32 district be transferred to the deaccredited school district's
 33 general fund.

34 b. Prior to the effective date set by the state board for
 35 ~~removal of accreditation~~ deaccreditation, the school district

1 ~~whose accreditation is to be removed~~ shall remain responsible
2 for, and may retain such authority as is necessary to complete,
3 all of the following:

4 (1) Execution of one or more quitclaim deeds, in fulfillment
5 of the merger of territory received by one or more contiguous
6 school districts from the ~~former~~ deaccredited school district
7 ~~whose accreditation was removed~~.

8 (2) Preparation of and payment for a final audit of all the
9 district's financial accounts.

10 (3) Preparation and certification of a final certified
11 annual report to the department.

12 c. The provisions of section 275.57 apply when ~~removal~~
13 deaccreditation of ~~accreditation from~~ a school district and
14 merger of ~~its~~ the territory of such school district with a
15 contiguous school district that is currently divided into
16 director districts leads to the formation of new director
17 districts.

18 Sec. 3. DEPARTMENT OF EDUCATION — AUTHORIZING FUND
19 TRANSFERS — VALIDATION AND RETROACTIVE APPLICABILITY.

20 1. a. Notwithstanding any other statute or rule of law
21 to the contrary, if a school district whose accreditation was
22 removed by action of the state board of education effective
23 July 1, 2008, had a negative fund balance in its general fund
24 at the end of the school budget year beginning July 1, 2007,
25 the director of the department of education is authorized
26 to and shall approve by August 1, 2010, the transfer of any
27 positive balance from one or more funds of the school district
28 to the school district's general fund for the school budget
29 year beginning July 1, 2007, and the transfer made is hereby
30 validated and to that extent, this Act applies retroactively to
31 July 1, 2007.

32 b. On the date on which the director of the department
33 of education approves the transfer of funds pursuant to this
34 subsection, the department shall provide notice of the approval
35 of the funds transferred pursuant to this subsection to the

1 boards of directors of the school districts to which the former
2 school district's territory was merged and shall transmit to
3 the state board of education a record of the approval of the
4 funds transferred pursuant to this subsection.

5 2. The board of directors of a school district to which the
6 former school district's territory was merged shall be exempted
7 from any liability resulting from the action taken by the
8 director of the department of education pursuant to subsection
9 1 if the school board, within 30 days of the date on which the
10 director of the department of education took action pursuant to
11 subsection 1, adopts a resolution to accept the action taken by
12 the director pursuant to subsection 1.

13 Sec. 4. EFFECTIVE UPON ENACTMENT. The section of this Act
14 providing for authorization and validation of fund transfers
15 by the department of education, being deemed of immediate
16 importance, takes effect upon enactment.